

Message Text

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C O N F I D E N T I A L STATE 182153 TOSEC 080171

EXDIS FOR STERNER

FOLLOWING REPEAT KUWAIT 4038 ACTION SECSTATE INFO ABU
DHABI CAIRO DOHA JIDDA RIYADH JULY 15.

QUOTE: C O N F I D E N T I A L KUWAIT 4038

EXDIS

E.O. 11652: GDS

TAGS: EFIN, EAID, EG, US, KU

SUBJ: AID TO EGYPT: MAY BE LINED TO PROGRESS TOWARD PEACE

REF: (A) STATE 174089, (B) KUWAIT 4015, (C) KUWAIT 4014

SUMMARY: SENIOR MFA OFFICIAL HEARD OUT MY PRESENTATION OF
POLITICAL CASE FOR GODE AID TO EGYPT AND GRANTED THAT MATTER
IS INDEED A POLITICAL SUBJECT. FOR THE FIRST TIME, SO FAR
AS I CAN RECALL, A SENIOR GOK OFFICIAL IS ASSERTING THAT
PROSPECTS FOR A SATISFACTORY LEVEL OF KUWAITI AID TO EGYPT
DEPEND ON PRESIDENT SADAT'S SUCCESS IN HIS NEGOTIATIONS WITH
ISRAELIS. PROBABILITY THAT MFA OFFICIAL IS REFLECTING
CONSIDERED GOK POLICY IS INCREASED BY FACT THAT ADVISOR
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IN AMLN'S OFFICE MADE SAME POINT TO ME RECENTLY. CREDIBILITY
OF SADAT'S POLICY IS BEING UNDERMINED AS IS OUR OWN SINCERITY
IN ARAB EYES. LEBANESE EVENTS ARE CONTRIBUTING TO LATTER.
END SUMMARY

1. I CALLED ON ACTING UNDER SECRETARY, MFA, EARLY JULY 15. I
EXPLAINED THAT I HAD INSTRUCTIONS TO DISCUSS WITH HIM THE

QUESTION OF FINANCIAL ASSISTANCE TO EGYPT, THE STATE OF PLAY IN MIDDLE EAST PEACE NEGOTIATIONS AND SOME IDEAS CONCERNING THE DEVELOPING SITUATION IN LEBANON.

2. FOLLOWING REF A, I SAID THAT WE HAD SEVERAL TIMES DISCUSSED EGYPTIAN ECONOMIC AND FINANCIAL NEEDS WITH MINISTER OF FINANCE ATEEQI AND WITH DIRECTOR GENERAL ABDULLATIF AL-HAMAD ODUTHE KUWAIT FUND. I SAID WE KNEW THOSE OFFICIALS HAD FULL UNDERSTANDING OF THE ECONOMIC AND FINANCIAL SITUATION AND THAT MY PRESENT INSTRUCTIONS WERE TO CONVEY TO THE GOVERNMENT OF KUWAIT USG'S PERCEPTION THAT THE CONTINUED GENEROUS FINANCIAL SUPPORT FROM THE GULF STATES TO EGYPT IS A VERY IMPORTANT POLITICAL QUESTION. I ADVERTED TO THE COMMON INTEREST OF KUWAIT AND THE USG IN PRESIDENT SADAT'S CONTINUING IN POWER IN CAIRO AS A MODERATE LEADER OF THE LARGEST ARAB STATE, AND I SPELLED OUT THE IMPORTANCE OF AN EARLY ANNOUNCEMENT BY GULF GOVERNMENTS OF THEIR INTENDED NEW CONTRIBUTION TO EGYPT AS AN IMPORTANT ELEMENT IN INDUCING US CONGRESS TO BE FORTHCOMING TOWARD EGYPT.

3. ACTING UNDER SECRETARY WAS NOT INFORMED OF THE RESULTS OF THE CODE GOVERNORS' MEETING JULY 12 BUT THOUGHT THAT ASSISTANCE WOULD BE PROVIDED TO EGYPT. I EMPHASIZED THAT USG UNDERSTANDS AND APPRECIATES THAT KUWAIT HAS BEEN EXTRAORDINARILY GENEROUS TO EGYPT OVER THE YEARS. MY UNDERSTANDING WAS THAT THE CODE GOVERNORS WOULD NOT HAVE TAKEN FINAL DECISIONS ON CONFIDENTIAL

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AID LEVELS, AND I WANTED TO IMPRESS UPON GOK THE POLITICAL IMPORTANCE OF AN EARLY AND FAVORABLE DECISION IN THE MATTER WHICH COULD BE PUBLICLY ANNOUNCED. I SAID THAT GULF DONORS HAVE OFTEN INDICATED THEIR INTEREST IN FINANCING PRIMARILY PROJECT ACTIVITY IN EGYPT BUT THAT WE QDD THE INTERNATIONAL ORGANIZATIONS CONTRNED WITH AID TO EGYPT WERE EMPHASIZING THE CONTINUED NEED FOR BALANCE-OF-PAYMENTS SUPPORT.

4. THE ACTING UNDER SECRETARY VOLUNTEERED THAT, IF THE US GOVT WOULD PUT PRESSURE ON ISRAELIS TO COME TO A COMPREHENSIVE PEACE AGREEMENT WITH THE ARAB WORLD, IT WOULD FACILITATE THE GIVING OF SUPPORT TO SADAT BY THE GULF STATES. I REPLIED THAT, AS THE

IMMINENT TALKS IN LONDON INDICATED, JUST SUCH A COMPREHENSIVE PEACE SETTLEMENT REMAINS A POLICY OBJECTIVE TO WHICH THE US GOVT IS DEEPLY COMMITTED. I SAID THAT PRESIDENT CARTER'S INITIATIVE TO BRING THE ISRAELI AND EGYPTIAN FOREIGN MINISTERS TOGETHER, FOLLOWING THE DISAPPOINTING ISRAELI RESPONSE TO OUR QUESTIONS CONCERNING THE ISRAELI ATTITUDE TOWARD OCCUPIED TERRITORIES, WAS EVIDENCE OF PRESIDENT CARTER'S DEEP COMMITMENT. I SAID WE WERE LOOKING AT A CIRCULAR QUESTION: IF SADAT WERE UNABLE TO MAINTAIN HIMSELF, HE WOULD BE UNABLE

TO CONTRIBUTE TO THE PEACE PROCESS. ALTHOUGH WE COULD NOT BE CONFIDENT THAT THE LONDON MEETING WOULD YIELD IMMEDIATE, DRAMATIC PROGRESS, THERE HAD INDEED BEEN PROGRESS TOWARD PEACE. CONTINUED MODERATE ARAB PATIENCE WITH SADAT AND HIS POLITICS AND CONTINUED GENEROUS FINANCIAL SUPPORT FOR HIM WERE ESSENTIAL IF THE BEST HOPE FOR AN ARAB-ISRAELI SETTLEMENT WERE NOT TO BE LOST.

5. COMMENT: (A) I AM STRUCK BY THE ACTING UNDER SECRETARY'S DIRECT LINKAGE BETWEEN GULF FINANCIAL SUPPORT TO SADAT AND SADAT'S INABILITY SO FAR TO PRODUCE MEANINGFUL RESULTS (AS SEEN BY THE OTHER ARABS) FROM HIS PEACE INITIATIVE WITH THE ISRAELIS. I WOULD TEND TO PLAY DOWN THE LINKAGE EXCEPT THAT I HEARD THE SAME ARGUMENT MUCH MORE STRONGLY PUT TWO DAYS AGO
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BY A FRIEND WHO WORKS IN THE AMIRI DIWAN. HE HAS APPARENTLY LITTLE INFLUENCE ON THE DECISION-MAKING PROCESS HERE BUT IS PRIVY TO A GREAT DEAL OF HIGH-LEVEL CONVERSATION AND TO A LARGE VOLUME OF CONFIDENTIAL REPORTS AND MEMORANDA. AT THE END OF A LONG TOUR D'HORIZON WITH HIM ON JANUARY 13, I ASKED HIM WHETHER HE THOUGHT KUWAIT WOULD PROVIDE THE NECESSARY VOLUME OF FINANCIAL AID TO EGYPT THIS YEAR. HIS ANSWER WAS INSTANTANEOUS: NO. TIME IS SHORT, HE SAID, AND IF SADAT SHOWS NO RESULTS FROM HIS PEACE INITIATIVE, THE GULF ARABS WILL WATCH SADAT GO UNDER WITH MORE THAN A TOUCH OF SATISFACTION. THERE WILL BE AID TO EGYPT, HE SAID, IF SADAT CAN COME UP WITH NEW JUSTIFICATION FOR HIS NOW WIDELY DISCREDITED INITIATIVE TOWARD ISRAEL.

(B) I CANNOT TELL WHETHER THE PARALLEL COMMENTS OF MY TWO INTERLOCUTORS WILL PROVE TO BE ACCURATE IN TERMS OF HIGHEST-LEVEL GULF POLICY WHEN THE POLITICAL RISK OF LOSING SADAT IS FINALLY WEIGHED IN THE BALANCE. NEITHER OF THE TWO IS TRULY AN INSIDER WHERE GULF DECISIONS ARE MADE. HOWEVER, WE INCREASINGLY HEAR IT SAID SADAT HAS BEEN DECEIVED BY THE AMERICANS WHO ARE UNWILLING OR UNABLE TO DELIVER THE ISRAELIS TO A REAL PEACE-MAKING TABLE. EVENTS IN LEBANON ARE REINFORCING SUCH THOUGHTS BECAUSE WE ARE SEEN TO BE SUPPORTING ISRAELI ENCOURAGEMENT OF CHRISTIAN ELEMENTS WHOM MANY KUWAITIS SEE AS THE MAJOR DISRUPTIVE ELEMENT IN LEBANON. AS SEEN BY MANY KUWAITIS, THE POLITICAL COST OF CONTINUED, EVEN TACIT SUPPORT FOR SADAT IS RISING SHARPLY, AND THEY SEE THE CLAIMS OF THE REJECTIONIST ARAB STATES INCREASINGLY PROVEN ACCURATE. THEY SEE AID TO EGYPT AS A MATTER INEXTRICABLY TIED TO REGIONAL POLITICAL DEVELOPMENTS, AND THE CREDIBILITY OF EGYPTIAN AND AMERICAN POLICY IS BEING UNDERMINED BY THOSE DEVELOPMENTS.
SUTHERLAND UNQUOTE CHRISTOPHER

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